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2 after written notice of default has been given to the Debtor and its attorneys, Stephen R.
3 Harris, Esq., and Chris D. Nichols, Esq.

4 **CLASSIFIED CLAIMS:**

5 **CLASS 1: SECURED CLAIM OF SUMMIT GROWTH MANAGEMENT:** Class

6 1 consists of the allowed secured claim of SUMMIT GROWTH MANAGEMENT, LLC
7 with an approximate principal balance, accrued interest and miscellaneous fees of
8 \$505,944.39 (estimated), as of the date of the Final Order Authorizing Debtor to Obtain
9 Debtor-in-Possession Financing Under 11 U.S.C. §§105 and 364(c) and FRBP 4001(c),
10 namely March 2, 2010. Under the terms of the Final Order Authorizing Debtor to Obtain
11 Debtor-in-Possession Financing the Debtor received an additional \$500,000 of principal
12 on March 11, 2010, for a total of \$1,005,944.39 (estimated) as the approximate balance
13 due and owing for principal and accrued interest and miscellaneous as of that date.
14 Debtor is also entitled to draw up to an additional \$1,000,000.00 of principal balance
15 after the confirmation of this Plan for a total of \$2,000,000.00 in principal under the
16 Debtor-in-Possession loan facility. This claim is secured by all of the real and personal
17 property of the Debtor. The Class 1 secured claim of SUMMIT GROWTH
18 MANAGEMENT, LLC shall continue to be paid by the Debtor, pursuant to the parties'
19 original contractual agreement with no modification thereon. Accordingly, the Class 1
20 secured claim of SUMMIT GROWTH MANAGEMENT, LLC is unimpaired under the
21 Plan.
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25 **CLASS 2: SECURED CLAIM OF THADDEUS MAREK:** Class 2 consists of

26 the allowed secured claim of THADDEUS MAREK with an approximate principal
27 balance and accrued interest of \$169,585.86, as of the December 16, 2009, Petition
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1 Date. This claim is secured by all the real and personal property of the Debtor but is
 2 subordinate under the terms of the Final Order Authorizing Debtor to Obtain Debtor-in-
 3 Possession Financing, to the secured interests of, and the secured debt owed to,
 4 Summit Growth Management, LLC. Thaddeus Marek shall continue to be paid by the
 5 Debtor pursuant to the parties original contractual agreements as subsequently modified
 6 by the Debtor, in the DEBTOR-IN-POSSESSION INTERIM FINANCING AND POST-
 7 CONFIRMATION FUNDING AGREEMENT, as approved by the Bankruptcy Court, with
 8 no other modifications thereon. Accordingly, the Class 2 secured claim of THADDEUS
 9 MAREK is impaired under the Plan.

12 **CLASS 3: SECURED CLAIM OF PERRY & ROSARIO LOGAN:** Class 3

13 consists of the allowed secured claim of PERRY & ROSARIO LOGAN with an
 14 approximate principal balance and accrued interest of \$399,216.04 as of the December
 15 16, 2009, Petition Date. This claim is secured by all of the real and personal property of
 16 the Debtor but is subordinate, under the terms of the Final Order Authorizing Debtor to
 17 Obtain Debtor-in-Possession Financing, to the secured interests of, and the secured
 18 debt owed to, Summit Growth Management, LLC. Perry and Rosario Logan shall
 19 continue to be paid by the Debtor pursuant to the parties original contractual
 20 agreements as subsequently modified by the Debtor, in the DEBTOR-IN-POSSESSION
 21 INTERIM FINANCING AND POST-CONFIRMATION FUNDING AGREEMENT, as
 22 approved by the Bankruptcy Court, with no other modifications thereon. Accordingly,
 23 the Class 3 secured claim of PERRY & ROSARIO LOGAN is impaired under the Plan.

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CLASS 4: SECURED CLAIM OF TOYOTA FINANCIAL SERVICES: Class 4 consists of the allowed secured claim of TOYOTA FINANCIAL SERVICES with an approximate principal balance and accrued interest of \$8,529.65 as of the December 16, 2009, Petition Date. This claim is secured by a security interest in a 2009 Toyota Corolla which serves as a company car. The Class 4 secured claim of TOYOTA FINANCIAL SERVICES shall be paid by the Debtor according to the parties' original contractual agreement with no modifications thereon. Accordingly, the Class 4 secured claim of TOYOTA FINANCIAL SERVICES is unimpaired under the Plan.

CLASS 5: GENERAL UNSECURED CLAIMS: The Class 5 claims of SKYE INTERNATIONAL, INC.'s general unsecured creditors are listed as follows:

Claimant	Scheduled Amount	Proof of Claim Amount	Allowed Amount
ACOM TECHNOLOGIES, INC.	\$130.00		\$130.00
AHRI ²	\$2,500.00		\$0.00
ALLIANCE DIRECT BANK	\$1,014.87		0
ALPHA TECH ³	\$4,471.00		\$0.00
ASSOCIATED GLOBAL SYSTEMS	\$3,711.68	\$4,147.00	\$3,711.68
BRACEWELL & GUILLIANI LLP	\$1,027.46		\$1,027.46
BROADRIDGE	\$349.04	\$349.04	\$0.00
CAMERAWERKS.NET	\$303.24	\$303.24	\$303.24
CANYON PIPE & SUPPLY	\$7,717.50		\$7,717.50
CHRISTOPHER SKELLY	\$0.00	\$3,125.00	\$0.00 (Disputed)
COLORADO CASUALTY	\$1,267.84		0

² Paid post-petition claim improperly scheduled as unpaid pre-petition claim.

³ Critical Vendor-paid pre-confirmation per Order 02/23/10.

Claimant	Scheduled Amount	Proof of Claim Amount	Allowed Amount
COMPUTERSHARE	\$805.13		\$0.00(Waived)
CREXENDO BUSINESS SOLUTIONS	\$1,619.70		\$1,619.70
CUSTOM PACKAGING PRODUCTS ⁴	\$2,121.20		\$0.00
DILL, DILL, CARR, STONBRAKER & HUTCHINGS ⁵	\$8,691.00	\$8,691.00	\$8,961.00
DONALD RICHEY	\$0.00	\$20,300.00	\$0.00 (Disputed)
ELECTROSEM ⁶	\$136,671.64	\$136,671.64	\$0.00
FEDERAL EXPRESS	\$152.47		\$152.47
GALBUT & GALBUT ⁷	\$82,289.73	\$98,754.00	\$98,754.00
HIGHLAND BUSINESS SVC	\$2,610.00		\$2,610.00
IAPMO	\$425.00		\$425.00
INTERTEK TESTING SERVICES ⁸	\$13,700.00	\$13,450.00	\$0.00
J&J CONSULTING	\$1,987.50		\$0.00
KUTAK ROCK	\$13,368.07	\$13,715.49	\$1.00 (Disputed)
LERCH & DEPRIMA	\$4,125.30	\$4,125.30	\$1.00 (Disputed)
MANTYLA MCREYNOLDS, LLC ⁹	\$11,000.00		\$0.00 (Waived)
MCROBBIE GROUP	\$2,340.70		\$2,340.70
MOORE SUPPLY CO	\$3,375.00		\$0.00
NETWORK DOGS	\$1,890.62	\$2,345.00	\$1,890.62

⁴ Critical Vendor-paid pre-confirmation per Order entered 02/23/10

⁵ Special Purpose Attorneys – SEC Counsel

⁶ Critical Vendor-paid pre-confirmation per Order entered 12/23/09

⁷ Disputed on Schedule F but Accepted Proof of Claim

⁸ Critical Vendor-paid pre-confirmation per Order entered 02/23/10

⁹ Special Purpose Auditor/Accountant – prepetition waived

Claimant	Scheduled Amount	Proof of Claim Amount	Allowed Amount
O'CONNOR & CAMPBELL	\$47,148.33	\$86,768.31	\$1.00 (Disputed)
O'GLETREE, DEAKINS, NASH, MOAK & STEWART	\$33,951.68	\$33,851.68	\$1.00 (Disputed)
PAETEC	\$538.49		\$312.68
PARSONS & GOULTRY ¹⁰	\$11,978.00		\$11,138.00
PERRY LOGAN ¹¹	\$13,526.87		\$13,734.14
SMARDEN PLUMBING SUPPLY	\$1,225.00		\$1,225.00
SNELL & WILMER	\$6,136.95		\$1.00 (Disputed)
STEVE MIHAYLO ¹²	\$106,476.39	\$106,476.39	\$26,645.83
STEVEN G. MIHAYLO TRUST ¹³	\$1,650,451.39	\$1,650,451.39	\$1,694,618.06
STUDIO ONE ENTERTAINMENT	\$225,742.52	\$225,542.75	\$230,159.19
STUDIO ONE ENTERTAINMENT	\$0.00	\$34,342.19	\$18,975.22
STUDNICKY & ASSOCIATES	\$85.75		\$85.75
SUNDANCE FINANCIAL CORP	\$118,673.87	\$118,768.00	\$118,861.16
SUNDANCE FINANCIAL CORP	\$0.00	\$437,237.19	\$0.00 (Disputed)
TED MAREK ¹⁴	\$11,982.94		\$10,873.41
THE MAN CAN ¹⁵	\$4,806.40		\$0.00
THE ROEMER AGENCY	\$171.50		\$171.50
THE SOCHA COMPANY	\$624.05		\$624.05
THE WEINTRAUB GROUP	\$36,452.75		\$26,452.75

¹⁰ Special Purpose Attorneys – Patent Counsel

¹¹ Creditor has provided notice to Debtor that it elects treatment of its allowed general unsecured claim to be paid pursuant to Alternative Four, set forth below.

¹² Creditor has provided notice to Debtor that it elects treatment of its allowed general unsecured claim to be paid pursuant to Alternative Four, set forth below.

¹³ Creditor has provided notice to Debtor that it elects treatment of its allowed general unsecured claim to be paid pursuant to Alternative Four, set forth below.

¹⁴ Creditor has provided notice to Debtor that it elect treatment of its allowed general unsecured claims to be paid pursuant to Alternative Four, set forth below.

¹⁵ Critical Vendor-paid pre-confirmation per Order entered 02/23/10

Claimant	Scheduled Amount	Proof of Claim Amount	Allowed Amount
TOEL CPA, PC	\$950.00		\$950.00
TRUHEAT ¹⁶	\$3963.40		\$0.00
Total:	\$2,578,415.02	\$2,999,414.00	\$2,284,475.11

Pursuant to the Debtor's Plan, the treatment and disposition of the Class 5 allowed claims of the general unsecured creditors will be as follows: Any claim discrepancy will be resolved by the claim objection process, with the stipulated amount and/or Court decreed amount owing used to calculate that particular Class 5 creditors' payments being paid by the Debtor. Class 5 Unsecured Claim holders shall have the choice of electing, in writing, one of the following five alternatives for payment in full satisfaction of their unsecured claims:

1. **Alternative One.** Class 5 unsecured claims shall be paid fifty percent (50%) of their allowed claims, with five percent (5.00%) interest accrued thereon, from the Effective Date, until paid, and will be paid from ongoing business revenues received by the Debtor within eighteen (18) months, or less, from the Effective Date. The Class 5 allowed claims shall be paid on a pro-rata basis from a maximum of six (6) equal quarterly installments commencing three (3) months after the Confirmation Date, and continuing every three (3) months thereafter for a maximum of eighteen (18) months and for a maximum total of six (6) equal quarterly installments, at which time any remaining unpaid balance shall be discharged pursuant to the provisions of the Bankruptcy Code and this Plan.

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2 In the event the total sum of the allowed Class 5 claims changes due to the claim
3 objection process or withdrawal of a claim, the quarterly installments due to the
4 Class 5 creditors shall be modified so that fifty percent (50%) of the new total is
5 divided in six (6) equal quarterly installments to arrive at the new installment
6 payment. The Debtor may elect to accelerate the payment to less than six (6)
7 quarterly installments so long as fifty percent (50%) of the allowed claims with
8 accrued interest as stated herein, are paid.
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10 2. **Alternative Two.** Class 5 unsecured claims shall receive twenty-
11 five percent (25%) of their allowed claims, with zero percent (0%) interest
12 accrued thereon, from the Effective Date, to be paid in full within sixty (60) days
13 of the Effective Date.
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15 3. **Alternative Three.** Class 5 unsecured claims shall convert up to
16 100% of their pro rata allowed claims, with five (5%) percent interest accrued
17 thereon from the Effective Date, into free-trading common stock of the Debtor at
18 twenty-five cents per share (\$0.25), said conversion to occur within thirty (30)
19 days of the Effective Date.
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21 4. **Alternative Four.** Class 5 unsecured claims shall convert up to
22 100% of their pro rata allowed claims, with five percent (5%) interest accrued
23 thereon from the Effective Date, into class "A" ten percent (10.0%) convertible
24 redeemable preferred stock (the "class "A" preferred share") of the Debtor at a
25 conversion price of one dollar (\$1.00) per class "A" preferred share, said
26 conversion to occur within thirty (30) days of the Effective Date. Each class "A"
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¹⁶ Critical Vendor-paid pre-confirmation per Order entered 02/23/10

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2 preferred share shall offer ten percent (10.0%) simple interest which shall be
3 calculated from and after the Effective Date and shall be paid annually by the
4 Debtor commencing on or about twelve (12) months from and after the Effective
5 Date. Each class "A" preferred share may be converted at any time and from
6 time to time at the option of the holder into common shares of the debtor. The
7 number of shares of common stock issuable to the holder upon conversion shall
8 be determined by dividing the one dollar (\$1.00) value of the class "A" preferred
9 share and dividing it by such number resulting from the application of a twenty
10 percent (20%) discount to the ten-day moving average of the debtor's common
11 stock on the date the request for conversion is received by the debtor; provided
12 that the minimum conversion price shall not be lower than twenty-five cents
13 (\$0.25) per share. For example, if the Debtor's shares are trading at fifty cents
14 (\$0.50) per share on the date the debtor receives the request for conversion, the
15 class "A" preferred holder will be entitled to convert the one dollar (\$1.00) face
16 value of each class "A" preferred share at the rate of forty cents \$0.40 per
17 common share or two and one-half (2.5) common shares per class "A" preferred
18 share. All class "A" preferred shares shall automatically convert into common
19 shares of the Debtor at the aforesaid conversion rate on June 30, 2015. At any
20 time and from time to time the Debtor may call all outstanding class "A" preferred
21 shares for redemption at which time the holder will be paid one dollar (\$1.00) per
22 class "A" preferred share delivered to the Debtor for redemption.
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2 5. **Alternative Five.** Allowed Class 5 unsecured claims shall each be
3 entitled to select either Alternative one or Alternative two and receive a cash
4 repayment as provided above. Allowed Class 5 unsecured claims shall also be
5 entitled to select either or both of Alternatives 3 and 4 above and allocate the
6 portion of the claimholder's allowed claims to be applied to each selected
7 Alternative. For example, an allowed claim of \$10,000 could be divided into
8 either of Alternative one (resulting in a cash payment of \$5,000 over six
9 installments payable over an 18 month period or Alternative two (resulting in a
10 cash payment of \$2,500 within 60 days from notice to the Debtor); or the class 5
11 unsecured claim can also be divided in any amount between Alternative three
12 and four and thus the claimholder may elect to receive a prorata amount of
13 Debtor's common shares (Alternative three) and the Debtor's class "A" preferred
14 shares (Alternative four). An allowed claim that is elected by the claimholder to
15 be divided between two Alternatives, shall be in writing, designating the allocation
16 amount of the allowed claims as to each selected Alternative.
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19 Allowed classified unsecured claim holders shall exercise one of the five options by
20 written notification to the Debtor within twenty (20) days after the Effective Date.

21 Accordingly, the Class 5 allowed unsecured claims estimated at \$2,286,975.11, are
22 impaired under the Debtor's Plan.
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24 **CLASS 6: EQUITY CLAIMS:** Pursuant to this Plan, the Class 6 Equity
25 Interests include all instruments evidencing an ownership interest in the Debtor as of the
26 Effective Date. The Class 6 Equity Interests in the Debtor shall not be modified.
27 Accordingly, the Class 6 interests of the Debtor are impaired under the Debtor's Plan.
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2 **CLASS 7: STOCK OPTION CLAIMS:** Class 7 consists of stock options and
3 contractual rights to acquire ownership interest in the Debtor, whether or not
4 transferable, all as of the Effective Date. The Class 7 Stock Option Claims in the Debtor
5 shall not be modified. Accordingly, the Class 7 interests of the Debtor are impaired
6 under the Debtor's Plan.

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8 **X. SOURCE OF MONEY TO PAY CLAIMS AND INTEREST-HOLDERS**

9 Assuming the Debtor is able to generate the revenues it estimates and have net
10 income equal to or greater than that of the last six (6) months, in addition to revenues
11 generated through equity offerings and placements, and the improvement of Debtor's
12 cash flow as a result of the Court approved Debtor-in-Possession financing funds which
13 are dedicated to the payment of Debtor's operating costs, it is anticipated there will be
14 increased cash flow for the Debtor's payment of allowed claims and interest-holders.
15 Notwithstanding the foregoing, no Debtor-in-Possession financing is to be used for
16 payment of pre-petition claims without the express advance written approval of the
17 Debtor-in-Possession lender, Summit Growth Management, LLC, and the Bankruptcy
18 Court, pursuant to the terms of the DEBTOR-IN-POSSESSION INTERIM FINANCING
19 AND POST-CONFIRMATION FUNDING AGREEMENT, previously approved by the
20 Bankruptcy Court. Accordingly, based upon the sources of funding as set forth herein,
21 this proposed Plan is feasible under 11 U.S.C. §1129(a)(11), as is supported by the
22 Exhibits attached hereto. Attached as **Exhibits "A" and "B"** are budgets and monthly
23 cash flow projections for the first twelve (12) and for twenty-four (24) months of the Plan,
24 respectively, reflecting that net cash flow is available to the Debtor to make all Plan
25 payments.
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More detailed information regarding the Debtor's ongoing business revenues and expenses can be found in the Debtor's Monthly Operating Reports on file with this Court.

XI. ASSETS AND LIABILITIES OF THE ESTATE

A. Assets

The identity and fair market value of the estate's assets as of the Petition date are listed in the Debtor's Schedule of Assets and Liabilities and Statement of Financial Affairs on file with the Court. These documents should be reviewed by the reader to assess what assets are, at least theoretically, available to satisfy claims and to evaluate the overall worth of the bankruptcy estate.

B. Liabilities

Classes 1 through 7 represent all liabilities of the Debtors as of the Petition Date.

C. Summary

Except as provided in this Plan, and subject to Bankruptcy Court approval, the Debtor intends to continue operating its business in the normal course as outlined above. Additionally, Debtor will take the necessary steps to continue its organization efforts by aggressively marketing and promoting its products both through wholesale and internet channels to generate additional revenues.

The value of the assets in an orderly liquidation is believed to be approximately \$1,049,092.24 or less, although in a forced liquidation the Debtor estimates that the fair market value of the assets would not be realized, resulting in significant reduction in asset values. The total allowed liabilities are in excess of \$3,889,789.73.

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2 **XII. TREATMENT OF NONCONSENTING CLASSES**

3 As stated above, even if all classes do not consent to the proposed treatment of
4 their claims under the Plan, the Plan may nonetheless be confirmed if the dissenting
5 classes are treated in a manner prescribed by the Code. The process by which
6 dissenting classes are forced to abide by the terms of a Plan is commonly referred to as
7 "cramdown". The Code allows dissenting classes to be crammed down if the Plan does
8 not "discriminate unfairly" and is "fair and equitable". The Code does not define
9 discrimination, but it does provide a minimum definition of "fair and equitable". The term
10 can mean that secured claimants retain their liens and receive cash payments whose
11 present value equals the value of their security interest. For example, if a creditor lends
12 the Debtor \$100,000 and obtains a security interest in property that is worth only
13 \$80,000, the "fair and equitable" requirement means that the claimant is entitled to cash
14 payments whose present value equals \$80,000 and not \$100,000. The term means that
15 unsecured claimants whose claims are not fully satisfied at least know that no claim or
16 interest that is junior to their will receive anything under the Plan.
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19 Therefore, if a class of general unsecured claims votes against the Plan, the Plan
20 cannot be confirmed where the debtor or a class of interest holders (e.g. shareholders or
21 partners) will receive or retain any property under the Plan, unless the Plan provides that
22 the class of general unsecured claims shall be paid in full with interest. Similarly, if a
23 class of interest holders votes against the Plan, the Plan cannot be confirmed where the
24 debtor will receive or retain any property under the Plan, unless the Plan provides that
25 the class of interest holders shall be paid in full with interest. These are complex
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2 statutory provisions and the preceding paragraphs do not purport to state or explain all
3 of them.

4 **XIII. TREATMENT OF NONCONSENTING MEMBERS OF**
5 **CONSENTING CLASS (CHAPTER 7 LIQUIDATION ANALYSIS)**

6 The Plan must provide that a non-consenting impaired claimant or interest holder
7 of a consenting class receive at least as much as would be available had the Debtor
8 filed a Chapter 7 petition instead.

9 In a Chapter 7 case, the general rule is that the Debtor's assets are sold by a
10 trustee. Unsecured creditors share in the proceeds of sale only after secured creditors
11 and administrative claimants are paid. Certain unsecured creditors get paid before other
12 unsecured creditors do. Unsecured creditors with the same priority share in proportion
13 to the amount of their allowed claim in relationship to the total amount of allowed claims.

14 A creditor would recover from the assets of the bankruptcy estate less under
15 Chapter 7 than under Chapter 11 for two reasons. First, a forced liquidation value of the
16 Debtor's assets, consisting of quickly depreciating vehicles and personal property, is
17 estimated at \$1,049,092.24 or less, and are encumbered by secured liabilities of
18 approximately, \$1,607,331.55. Thus, in a Chapter 7 proceeding, unsecured and priority
19 creditors would not receive any payment. Second, in a Chapter 7 case a trustee is
20 appointed and is entitled to compensation from the bankruptcy estate in an amount no
21 more than 25% of the first \$5,000 of all money disbursed, 10% on any amount over
22 \$5,000 but less than \$1,000,000, 5% on all amounts over \$1,000,000 but less than
23 \$3,000,000, and reasonable compensation not to exceed 3% on any amount over
24 \$3,000,000, thus diminishing monies available for payment to unsecured creditors.
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2 Accordingly, any payments made to unsecured creditors under this Plan would be more
3 than what would be received by them in a Chapter 7 proceeding.

4 **XIV. FUTURE DEBTOR**

5 A. Management of Debtor

6 The Debtor shall continue to operate its business in the normal course with its
7 current management in place at the current monthly salary for key management as
8 follows:
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10 1. Perry Logan, Chairman, President and Chief Executive Officer -
11 \$10,000 per month (up to 50% of which shall be paid in the Debtor's common shares at
12 \$0.25 per share) at the election of the Debtor.

13 2. Thaddeus Marek, Chief Financial Officer - \$10,000 per month (up to
14 50% of which shall be paid in the Debtor's common shares at \$0.25 per share) at the
15 election of the Debtor.
16

17 3. L. Fred Huggins, Jr., VP Sales & Marketing - \$8,333.33 per month

18 4. David Allen, VP Engineering - \$6,250 per month

19 B. Debtor acting as Disbursing Agent

20 The Debtor shall be responsible for making the payments contemplated in the
21 Plan, collecting money intended for distribution to claimants, and transmitting it to them.
22

23 C. Future Financial Outlook

24 The Debtor shall continue to operate its business in the ordinary course.

25 **XV. SALE OF PROPERTY; ASSUMPTION OF CONTRACTS AND**
26 **LEASES; OTHER PROVISIONS**

27 The Plan provides that the Debtor will not sell any of its assets, other than in the
28 ordinary course of business. All executory contracts and unexpired leases set forth in

Classes 1 through 7, and all other executory contracts will be assumed by order of the Bankruptcy Court.

XVI. BANKRUPTCY PROCEEDINGS

The following proceedings have occurred since the Filing Date: Filing of various administrative motions and motions for interim and final debtor-in-possession financing.

XVII. TAX CONSEQUENCES OF PLAN

The Debtor does not believe that the Plan has any tax consequences for the Debtor.

PERSONS CONCERNED WITH THE TAX CONSEQUENCES OF THIS PLAN SHOULD CONSULT THEIR OWN ACCOUNTANTS, ATTORNEYS AND/OR ADVISORS. THE DEBTOR MAKE THE AFOREMENTIONED DISCLOSURE OF POSSIBLE TAX CONSEQUENCES FOR THE SOLE PURPOSE OF ALERTING READERS OF TAX ISSUES THEY MAY WISH TO CONSIDER. THE DEBTOR CANNOT AND DOES NOT REPRESENT THAT THE TAX CONSEQUENCES MENTIONED ABOVE ARE COMPLETELY ACCURATE BECAUSE THE TAX LAW EMBODIES MANY COMPLICATED RULES, WHICH MAKE IT DIFFICULT TO ACCURATELY STATE WHAT THE TAX IMPLICATIONS OF ANY ACTION MIGHT BE.

XVIII. EFFECT OF CONFIRMATION OF PLAN

A. General Comments

The provisions of a confirmed Plan bind the Debtor, any entity acquiring property under the Plan, and any creditor, interest holder, or general partner of the Debtor, even those who do not vote to accept the Plan.

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2 The confirmation of the Plan vests all property of the estate in the Debtor. The
3 automatic stay is lifted upon confirmation as to property of the estate. The order of
4 confirmation will prohibit collection or enforcement of pre-petition claims against the
5 Debtor or the Debtor's property until, and if, there is a default in the provisions of the
6 Debtor's property and if there is a default in the provisions of the DEBTOR'S FIRST
7 AMENDED DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION that goes
8 uncured for a period of thirty (30) days.
9

10 B. Discharge of liability

11 Debtor is seeking to receive a discharge pursuant to Code Section 1141(d).
12 Debtor is paying its allowed creditors' claims in full or paying interest on said claims,
13 therefore, the Debtor is requesting a discharge pursuant to 11 U.S.C. §1141.
14

15 C. Modification of the Plan

16 The Debtor may modify the Plan at any time before confirmation. Further, Debtor
17 may modify the Plan after notice and hearing at any time after confirmation and before
18 substantial consummation, but only if circumstances warrant.

19 D. Post-Confirmation Causes of Action

20 To the best knowledge of the Debtor, there are no causes of action existing in this
21 case.
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23 E. Final Decree

24 Once the Plan has been consummated, a final decree may be entered upon
25 motion of the Debtor. The effect of the final decree is to close the bankruptcy case.
26 After such closure, a party seeking any type of relief relating to a Plan provision may
27 seek such relief in a state court of general jurisdiction.
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2 **XIX. RETENTION OF JURISDICTION**

3 Notwithstanding confirmation of this Plan, the Court will retain jurisdiction for the
4 following purposes, and each of them:

5 A. The Court will retain jurisdiction to determine the allowability and payment
6 of any claim(s) upon any objection(s) thereto (or other appropriate proceedings) by the
7 Debtor or by any other party in interest entitled to proceed in that manner. As part of
8 such retained jurisdiction, the Court will continue to determine the allowability of
9 Administrative Claims and any request(s) for payment(s) thereof, including professional
10 fees and costs which are Administrative Claims.

12 B. The Court will retain jurisdiction to determine any dispute(s) which may
13 arise regarding the interpretation of any provision(s) of this Plan.

14 C. The Court will retain jurisdiction to facilitate the consummation of this Plan
15 by entering, consistent with the provisions of this Plan, any further necessary or
16 appropriate order(s) regarding the enforcement of this Plan and any provision(s) thereof.

18 D. The Court will retain jurisdiction to adjudicate any cause(s) of action or
19 other proceeding(s) presently pending or otherwise referenced here or elsewhere in this
20 Plan, including, but not limited to, the adjudication of any and all "core proceedings"
21 under 28 U.S.C. § 157(b), which may be pertinent to this Reorganization Case, and
22 which the Debtors may deem it appropriate to initiate and prosecute in aid of its
23 reorganization, and any "non-core proceedings" accepted for consideration by this
24 Court.

26 E. The Court will retain jurisdiction to enter an appropriate final decree in this
27 Reorganization Case.

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WHEREFORE, SKYE INTERNATIONAL, INC., a Nevada corporation, as
proponent of this Plan, requests confirmation of this Plan pursuant to §§1129(a) and
1129(b) of the Bankruptcy Code.

DATED this 20th of May, 2010.

STEPHEN R. HARRIS, ESQ.
CHRIS D. NICHOLS, ESQ.
BELDING, HARRIS & PETRONI, LTD.
417 W. Plumb Lane
Reno, NV 89509

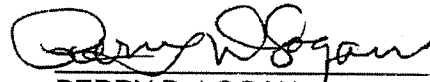
/s/ Chris D. Nichols, Esq.

Attorney for Debtor

VERIFICATION

Under penalty of perjury, the undersigned declares that he is Chairman, President, and Chief Executive Officer of SKYE INTERNATIONAL, INC., a Nevada corporation, Debtor in the foregoing bankruptcy matter, I have read the foregoing DEBTOR'S FIRST AMENDED JOINT DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION and knows the contents thereof; that the contents are true of his own knowledge, except as to those matters stated on information and belief, and that as to such matters he believes them to be true.

DATED this 20th of May, 2010.



PERRY D. LOGAN,
Chairman, President and CEO of
SKYE INTERNATIONAL, INC.,
A Nevada corporation

EXHIBIT “A”

EXHIBIT “A”

SKYE INTERNATIONAL 2010 BANKRUPTCY CASH BUDGET

	2010								
	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
AIR RECEIPTS	4,806.29	19,566.61	44,092.97	60,268.08	77,304.32	89,853.48	96,807.76	93,713.82	534,625.59
PROJECTED EXPENDITURES									
Advertising/Promotion	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	45,060.24
Advertising/Promotion - Media	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	13,000.00
Brand Development/Digital Marketing	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	23,000.00
Commissions/Rebates	3,165.64	2,354.50	3,188.45	4,574.19	5,488.09	6,450.63	7,159.66	7,552.56	51,062.40
Company Car Financing	426.47	426.47	426.47	426.47	426.47	426.47	426.47	426.47	5,117.64
Computer/Internet	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	9,015.24
Computer Fixed Assets	2,000.00	4,000.00	2,000.00	2,000.00	2,000.00	2,000.00	0.00	4,000.00	23,634.11
Dues & Subscriptions	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	11,373.52
Engineering/Research/Development	59,000.00	1,549.40	2,541.16	3,123.74	4,323.84	4,478.53	5,165.90	4,558.37	95,525.84
Fees - Bank	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	810.00
Fees - Internet Services/Credit Cards	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	759.45
Fees - US Trustee	0.00	0.00	4,875.00	0.00	0.00	0.00	0.00	0.00	15,275.00
Insurance - Commercial	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	17,124.85
Insurance - D&O	1,200.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	19,259.48
Insurance - W/C	200.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	4,001.51
Interest Payments (Marek/Perry)	4,448.34	4,596.61	4,448.34	4,596.61	4,596.61	4,448.34	4,596.61	4,448.34	51,967.84
Inventory	6,200.00	8,250.00	38,600.00	24,750.00	23,850.00	0.00	140,650.00	0.00	288,350.44
Consultants	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	169,644.00
Miscellaneous Expenses	158.00	232.41	381.17	468.56	648.58	671.78	774.88	683.75	5,533.77
Miscellaneous Product Supplies	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	3,897.44
Office Expenses	475.00	464.82	762.35	937.12	1,287.15	1,343.56	1,548.77	1,367.51	11,338.05
Payroll	24,521.33	33,209.33	43,209.33	45,209.33	47,209.33	49,209.33	49,209.33	51,497.33	441,697.83
Payroll Taxes	8,475.19	11,477.98	14,534.23	15,625.48	16,316.73	17,007.98	17,007.98	17,799.77	159,603.17
Benefits	0.00	3,000.00	3,000.00	3,600.00	3,900.00	4,200.00	4,200.00	4,500.00	30,114.59
Postage & Courier (non product)	247.90	406.59	499.80	691.81	716.56	826.54	728.34	523.55	5,191.55
Product Certification/Annual Renewal	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	8,583.00
Maintenance/Cleaning	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	2,451.47
Maintenance/Accounting & Auditing	5,000.00	0.00	4,000.00	0.00	0.00	4,000.00	0.00	0.00	47,775.00
Professional Fees - Legal	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	44,093.71
Professional Fees - Legal Bankruptcy	30,000.00	0.00	20,000.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	131,547.45
Professional Fees - Other Public Company Fees	1,550.00	4,550.00	5,550.00	550.00	550.00	1,550.00	550.00	550.00	20,032.75
Rent	2,100.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	54,600.00
Shipping	1,200.00	1,650.00	2,850.00	3,000.00	3,750.00	4,050.00	4,650.00	4,200.00	29,768.74
Telecommunications	2,000.00	2,100.00	2,200.00	2,300.00	2,400.00	2,400.00	2,400.00	2,450.00	26,096.74
Travel/Entertainment/Meals	4,500.00	4,500.00	4,700.00	4,900.00	5,100.00	5,300.00	5,500.00	5,700.00	62,728.28
Utilities	350.00	350.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	7,586.77
TOTAL EXPENSES	187,362.87	122,743.09	199,091.30	164,878.32	170,698.35	161,363.16	292,594.94	158,381.57	1,953,684.96
PROJECTED CASH SHORTFALL	(182,556.58)	(103,176.48)	(154,998.33)	(104,610.24)	(93,394.03)	(71,509.68)	(195,887.19)	(64,667.85)	(1,419,059.37)
DIP FINANCING									
Payment to Critical Vendors		500,000.00							1,285,013.17
Payment to Unsecured Vendors					(48,375.00)				(117,533.64)
Debt/Equity Financing					1,000,000.00				(95,187.50)
NET DIP CASH AVAILABLE	0.00	500,000.00	0.00	0.00	951,625.00	0.00	0.00	0.00	1,000,000.00
CASH BALANCE	53,777.07	450,600.59	295,602.25	190,992.01	1,049,222.98	977,713.30	781,826.12	669,345.76	

EXHIBIT “B”

EXHIBIT “B”

SKYE INTERNATIONAL 2011 BANKRUPTCY CASH BUDGET

2011

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
AIR RECEIPTS	79,571.16	90,157.55	117,483.39	135,944.53	171,575.20	245,929.98	299,882.61	304,212.66	302,934.74	300,883.92	298,752.98	295,095.13	2,642,533.84
PROJECTED EXPENDITURES													
Advertising/Promotion	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	54,000.00
Advertising/Promotion - Media	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	18,000.00
Brand Development/Digital Marketing	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
Commissions/Rebates	6,745.20	6,033.71	6,557.74	7,910.66	8,824.19	10,592.86	14,268.47	16,939.13	17,153.47	17,030.21	16,988.59	16,883.21	145,987.76
Company Car Financing	426.47	426.47	426.47	426.47	426.47	426.47	426.47	426.47	426.47	426.47	426.47	426.47	2,985.29
Computer/Internet	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	7,200.00
Computer Fixed Assets	0.00	0.00	2,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00
Dues & Subscriptions	3,272.19	5,137.18	6,251.05	6,800.57	8,840.61	14,407.55	15,407.67	14,975.34	15,296.61	14,772.36	15,083.63	14,511.21	134,775.97
Engineering/Research/Development	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
Fees - Bank	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	900.00
Fees - Internet Services/Credit Cards	4,875.00	4,875.00	4,875.00	4,875.00	4,875.00	4,875.00	4,875.00	4,875.00	4,875.00	4,875.00	4,875.00	4,875.00	58,500.00
Fees - US Trustee	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	19,500.00
Insurance - Commercial	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
Insurance - D&O	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
Insurance - W/C	4,596.61	4,596.61	4,448.34	4,596.61	4,448.34	4,596.61	4,596.61	4,596.61	4,596.61	4,596.61	4,596.61	4,596.61	54,866.51
Interest Payments (Marek/Perry)	43,050.00	38,400.00	24,750.00	34,050.00	207,000.00	83,350.00	33,000.00	361,250.00	16,500.00	4,600.00	4,600.00	4,600.00	1,289,150.00
Inventory	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	186,000.00
Consultants	490.63	770.58	939.16	1,020.09	1,326.09	2,161.13	2,311.15	2,246.30	2,294.49	2,215.85	2,264.04	2,176.68	20,216.40
Miscellaneous Expenses	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	3,000.00
Miscellaneous Product Supplies	981.66	1,541.15	1,878.32	2,040.17	2,652.18	4,322.27	4,622.30	4,492.60	4,568.98	4,431.71	4,528.09	4,353.36	40,432.79
Payroll	52,802.25	52,802.25	55,896.37	55,896.37	55,896.37	60,021.89	60,021.89	60,021.89	60,021.89	60,021.89	60,021.89	60,021.89	695,803.52
Payroll Taxes	16,249.78	16,249.78	19,319.18	19,319.18	19,319.18	20,745.07	20,745.07	20,745.07	20,745.07	20,745.07	20,745.07	20,745.07	240,487.09
Benefits	4,500.00	4,500.00	4,800.00	5,100.00	5,100.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	62,100.00
Postage & Courier (non product)	821.95	1,001.77	1,088.09	1,414.50	2,305.21	2,465.23	2,396.05	2,447.46	2,353.58	2,414.98	2,321.79	2,289.68	23,330.29
Product Certification/Annual Renewal	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	8,400.00
Maintenance/ Cleaning	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	3,600.00
Professional Fees - Accounting & Auditing	12,500.00	2,500.00	5,000.00	4,000.00	0.00	0.00	4,000.00	0.00	0.00	4,000.00	0.00	0.00	32,000.00
Professional Fees - Legal	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	42,000.00
Professional Fees - Legal Bankruptcy	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	90,000.00
Professional Fees - Other Public Company Fees	1,420.05	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	7,470.05
Rent	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	72,000.00
Shipping	2,400.00	3,900.00	5,100.00	6,000.00	9,000.00	12,600.00	13,500.00	12,150.00	11,850.00	10,800.00	10,800.00	9,900.00	108,000.00
Telecommunications	2,450.00	2,450.00	2,500.00	2,500.00	2,500.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	30,250.00
Travel/Entertainment/Meals	5,900.00	6,100.00	6,300.00	6,500.00	6,700.00	6,900.00	7,100.00	7,300.00	7,500.00	7,700.00	7,900.00	8,100.00	84,000.00
Utilities	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00
TOTAL EXPENSES	213,606.99	197,084.50	196,939.72	212,124.83	384,013.65	284,717.47	245,399.08	555,282.79	221,039.09	266,692.07	507,388.21	268,077.26	3,658,763.42
PROJECTED CASH SHORTFALL	(134,035.84)	(106,926.95)	(79,446.34)	(76,180.29)	(212,338.45)	(38,787.49)	54,483.53	(261,080.13)	81,895.65	34,191.85	(208,635.23)	27,017.87	(1,016,229.58)
DIP FINANCING													
Payment to Critical Vendors	500,000.00												500,000.00
Payment to Unsecured Vendors													(185,625.00)
Debt/Equity Financing													
NET DIP CASH AVAILABLE	500,000.00	0.00	(47,250.00)	0.00	0.00	(45,687.50)	0.00	0.00	(46,125.00)	0.00	0.00	(45,562.50)	314,375.00
CASH BALANCE	1,035,309.93	928,382.97	801,686.64	725,506.34	513,167.90	427,692.91	482,176.43	221,096.30	256,866.95	291,058.80	82,423.57	63,878.94	